

Message Text

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62

ACTION EUR-25

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TAGS: ECON EFIN CA

SUBJECT: PRELIMINARY PRESS REACTION TO BUDGET

REF: OTTAWA 1362

1. BEGIN SUMMARY. PRELIMINARY EDITORIAL REACTION TO FINANCE MINISTER TURNER'S MAY 6 BUDGET MESSAGE (REFTEL) WAS MIXED BUT THERE APPEARED TO BE SOME AGREEMENT ON ITS BEING DESIGNED TO SET THE TONE FOR AN ELECTION CAMPAIGN. SOME ANALYSTS CRITICIZED IT AS HAVING NO EFFECT ON INFLATION, WHILE OTHERS SAID IT LACKED CREDIBILITY AS AN INSTRUMENT OF ECONOMIC MANAGEMENT. POSSIBILITY OF SUCCESSFUL NOCONFIDENCE MOTION (SEE SEPTTEL) MAY MAKE BUDGET PROPOSALS, IN THE WORDS OF THE OTTAWA JOURNAL, "LITTLE MORE THAN AN ELABORATE PRE-ELECTION, IF NOT QUITE, ACADEMIC, EXERCISE". END SUMMARY

2. TORONTO GLOBE AND MAIL EDITORIALIZED MAY 7 THAT, WHILE TURNER'S PROPOSALS MAY CONSTITUTE AN ELECTION BUDGET, THEY DO NOT MAKE "A CHARISTMAS TREE BUDGET". GLOBE CREDITS TURNER'S PROPOSALS AS HAVING PURPOSES OTHER THAN VOTER ATTRACT-ION AND STATES THAT "TURNER HAS NOT TIRED TO BUY VOTES WHERE PURCHASE WAS UNJUSTIFIABLE, HE HAS NOT COURTED NDP SALVATION FOR HIS GOVERNMENT, HE HAS TACKLED THE RESOURCE INDUSTRIES MORE FORTHRIGHTLY THAN THEY HAVE BEEN TACKLED BEFORE, A NUMBER OF HIS PROPOSALS MAKE UNCLASSIFIED

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BOTH SENSE AND JUSTICE." THE GLOBE EDITORIAL PAGE

COLUMNIST GEOFFREY STEVENS NOTES THAT, ON BALANCE, BUDGET IS AN ATTRACTIVE AND IMMAGINATIVE PACKAGE THAT NDP COULD HAVE ACCEPTED LAST YEAR. HOWEVER, STEVENS CONTINUES, INFLATION WORSENEED DRAMATICALLY AND THE NDP'S NEEDS HAVE VASTLY INCREASED. "MR. TURNER SEEMS CONTENT TO LET THE CHIPS (AND THE LIBERAL GOVERNMENT) FALL WHERE THEY MAY. HE HAS WRITTEN A BUDGET WHICH IS MORE A REFLECTION OF HIS OWN ECONOMIC PHILOSOPHY THAN AN ATTEMPT TO WOO THE NDP."

3. IN EDITORIAL ENTITLED "TURNER TINKERS", MONTREAL GAZETTE DECLARES THAT "BUDGET LACKS CREDIBILITY AS AN INSTRUMENT OF CANADIAN ECONOMIC MANAGEMENT IN A PRIOD OF HEAVY AND RISING INFLATION." GAZETTE ADVOCATES A GENUINE PRICES AND INCOMES POLICY AND NOT A "HELTER-SKELTER MIX OF TAX MEASURES, SAVINGS PLANS, PRICES REVIEW BOARDS AND ANTI-PROFITEERING BILL". EDITORIAL CONCLUDES "CANADA NEEDS A GOVERNMENT THAT ENLISTS THE COOPERATION OF THE PEOPLE IN A COMPREHENSIVE AND DETERMINED ANTI-INFLATION POLICY".

4. OTTAWA CITIZEN EDITORIAL CONCLUDES THAT BUDGET WILL PROBABLY BE DEFEATED. THE CITIZEN SAID THERE IS NOT MUCH GOC COULD DO BUT OFFER INCENTIVES TO INCREASE SUPPLIES AND HOPE THEY RESULT IN PRICE REDUCTIONS.

5. THE OTTAWA JOURNAL SAID THAT "IF IT DOES NOTHING ELSE, THE BUDGET WILL SET THE TONE FOR AN ELECTION CAMPAIGN, CONCENTRATING THE ISSUES AROUND SPECIFIC BUDGET PROPOSALS." THE JOURNAL CHARACTERIZES THE BUDGET'S POLITICAL MESSAGE AS FOLLOWS: "ANY POLITICAL PARTY VOTING AGAINST IT, OR PREVENTING IT FROM COMING TO A VOITE, WILL BE FORCED TO EXPLAIN HOW A FEDERAL ELECTION WAS MORE IMPORTANT THAN AN ATTRACTIVE ARRAY OF SPECIFIC BENEFITS FOR ALMOST EVERY VOTER, BUT PARTICULARLY THE MIDDLE-CLASS VOTER. THE EXPLANATION IS STILL VAILABLE; THE REASONS FOR DEFEATING THIS GOVERNMENT ARE STILL VALID; BUT THE OPPOSITION PARTIES WILL HAVE TO BE MORE PRECISE, MORE UNCLASSIFIED

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PERSUASIVE IN MAKING THEIR CASE."

6. IN EDITORIAL ENTITLED "IGNORING THE ROOTS OF INFLATION," THE TORONTO STAR STATED: "ALTOGETHER IN THIS BUDGET, TURNER AND THE GOVERNMENT HAVE FAILED TO CONFRONT AND ATTACK THE MAIN PROBLEM, AN ENORMOUS ONE, FACING THIS COUNTRY TODAY. THEY ALSO HAVE FAILED, PERHAPS WILLFULLY, THE POLITICAL IMPERATIVE TO FORMULATE POLICIES ACCEPTABLE

TO A MAJORITY IN PARLIAMENT. IN VIRTUALLY IGNORING
THE BUDGET DEMANDS OF THE NEW DEMOCRATIC PARTY AS A
CONDITION FOR CONTINUED SUPPORT, TURNER HAS INVITED
PARLIAMENTARY DEFEAT AND AN ELECTORAL VERDICT ON THE
GOVERNMENT'S PERFORMANCE.

"THE INEVITABLE CONCLUSION IS THAT THIS GOVERNMENT
HAS LOST THE CAPACITY TO CONTINUE GOVERNING."
PORTER

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